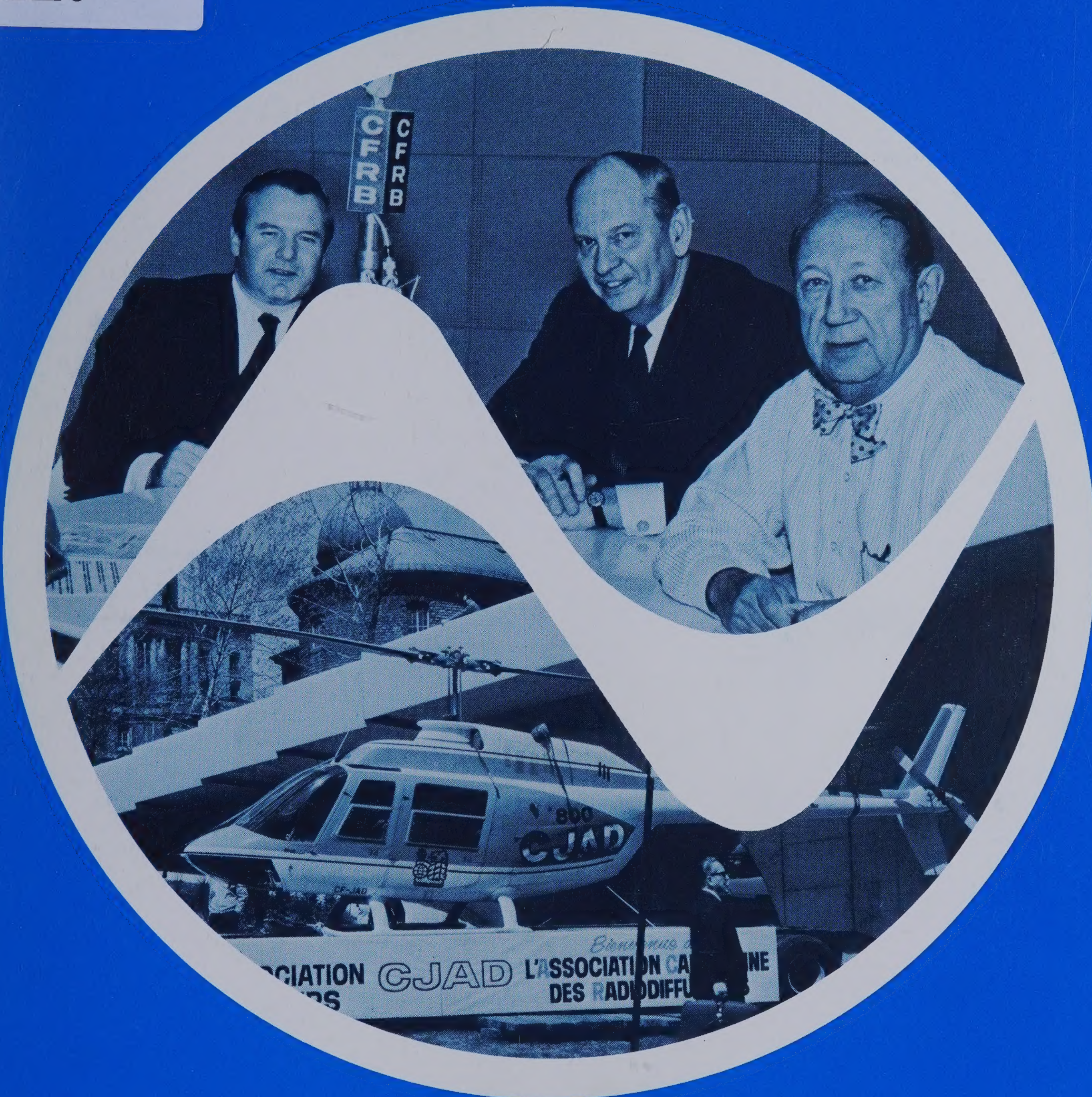

STANDARD BROADCASTING CORPORATION LIMITED

1968-69

44th ANNUAL REPORT

YEAR ENDED MARCH 31, 1969

STANDARD BROADCASTING CORPORATION LIMITED 1968-69

Directors

George Montegu Black, Jr.
T. N. Beaupre
G. Allan Burton, D.S.O., E.D.
W. C. Thornton Cran, F.C.A.
Pierre P. Daigle
Hon. George B. Foster, Q.C.
W. Leo Knowlton, Q.C.
A. Bruce Matthews, C.B.E., D.S.O., E.D.
John A. McDougald
Maxwell C. G. Meighen, O.B.E.

Officers

Chairman of the Board, John A. McDougald
President, W. C. Thornton Cran
Vice-President, Donald H. Hartford
Vice-President, Waldo J. Holden
Vice-President, Hollis T. McCurdy
Vice-President, *Secretary and Treasurer*, D. A. Williams, C.A.
Assistant Treasurer, Mrs. M. M. MacRae

Transfer agent and registrar

Crown Trust Company, Toronto and Montreal

Auditors

McDonald, Currie & Co.
Chartered Accountants

Bankers

The Royal Bank of Canada
Canadian Imperial Bank of Commerce
The Bank of Montreal

Subsidiary companies

CFRB Limited, Toronto
CJAD Limited, Montreal
Standard Broadcast Sales Company Limited
Toronto and Montreal
Canadian Standard Broadcast Sales Inc.
New York
Standard Broadcast Productions Limited
Toronto
Standard Sound Systems Company Limited
Toronto and Montreal

The Annual Meeting of Shareholders will be held at the Royal York Hotel (British Columbia Room), Toronto on Tuesday, June 24, 1969 at 12:00 noon.

PITFIELD, MACKAY, ROSS & COMPANY
LIMITED

file

RESEARCH BRIEF

AR20

THE STANDARD BROADCASTING CORPORATION LIMITED

Price		
March 31, 1969		$12 1/4
Earnings per share		
Years Ending March 31	1968	34¢
	1969	40¢
	1970	48¢
P.E. Ratio		
on	1969 (est.)	30.6X
	1970 (est.)	25.5X
Indicated Dividend		20¢
Yield		1.6%

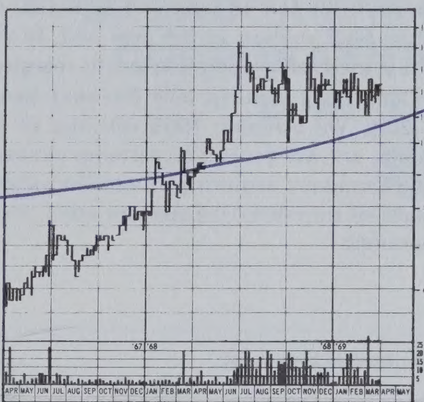

Chart Courtesy Investors Stock Charts Limited

The Company Standard Broadcasting Corporation Limited ("Standard") is a leader in the Canadian broadcasting industry. Through its subsidiaries, it operates radio broadcasting services in Toronto and Montreal. Of these, CFRB is the best known radio station in Toronto and commands the largest audiences and the highest advertising volume of any radio station in Canada. CJAD Montreal is the most important English speaking station in Quebec. In addition, the Company supplies background music facilities in Quebec and the Maritimes, runs an hourly news service across Canada and sells advertising time on radio and television stations. The Company is controlled by Argus Corporation which holds 48.5% of the shares.

Operations The Company acts as a holding company for its subsidiaries through which it is active in the following fields:

1. **Radio Broadcasting** — Through CFRB Toronto and CJAD Montreal, the Company controls AM, FM and short wave outlets in Ontario and Quebec. In addition the Company agreed to purchase the assets of the St. Lawrence Broadcasting Co. Ltd. which operates Radio stations CKLC and CKLC-FM of Kingston, Ontario, as of May 1, 1968, subject to approval from the Canadian Radio and Television Commission.
2. **Advertising** — The Company operates as an advertising time sales representative in Canada and the U.S.A., both for its own broadcasting services and for other Canadian radio and television stations. These sales are effected through Standard Broadcast Sales Company Limited and Canadian Standard Broadcast Sales Incorporated.
3. **International News Service** — Standard Broadcast Productions Limited transmits hourly news broadcasts not only to the Company's own stations but to other subscribing stations all across Canada and also syndicates programmes of outstanding personalities.
4. **Background Music** — Through Standard Sounds System Company Limited, the Company recently acquired the Muzak franchise for Quebec and the Maritimes. This service provides background music in such places as banks, factories, hotels, etc.
5. **Television** — The Company does not have any television outlet. However, it has recently renewed a longstanding application for a television license in Toronto. This renewal is up for review by the Canadian Radio & Television Commission.

Sales Over the past four years the Company's sales have grown at an annual rate of 14.2%. Based on 6 month sales, which are up by 14.2%, the 1969 sales are estimated at $10.3 million, an increase of 14.4% from $9 million in the previous year, and we project a further increase of 15.5% to $11.9 million for 1970. This increase in sales should come in part from continued growth in revenues from the Company's established services due to increases in CFRB's advertising rates in May, 1968 and in CJAD's rates in October, 1968. Further increases should also come from the Muzak franchise, which the Company acquired in 1968. If the Canadian Radio and Television Commission were to approve of the purchase of CKLC Kingston, these sales figures would be further increased.

Operating Costs and Profits The Company's operating profit margin has increased from 38.3% in 1964 to 41.4% in 1968 due to advertising rates increasing at a higher rate than the Company's overhead costs, which are of a fixed nature. In 1967, the profit margin dropped to 40.8% due to start-up costs in opening the Company's new branch in New York. In view of the 20% increase in CFRB's prime advertising rates in May, 1968 and CJAD's increase in rates in October, 1968, we estimate that profit margins in the year ending March 31, 1969, increased to 42.0%.

Earnings Since 1964, the Company's earnings have increased at an average annual rate of 21.4%, reaching $1.9 million or 34¢ per share in 1968. Earnings in 1968 included $170,000 or 3¢ per share from the sale of land and $300,000 or 5¢ per share from the Company's investment portfolio, which totalled $6.2 million at the year end. In view of favourable expectations for future sales, combined with steadily increasing operating profit margins and an increasing income from investments we would expect the Company's earnings over the next two to three years to continue to grow at an annual rate of about 15%-20%. We estimate 1969 earnings of $2.2 million or 40¢ per share, an increase of 16.3% on 1968 earnings, and we project an earnings increase of 20% to $2.7 million or 48¢ per share for 1970. In the event of the Company acquiring a television license in Toronto, pressure would be imposed initially on earnings because of non-recurring start-up costs. However, in the longer term such a license would add substantially to earnings.

($'millions)

	Actual					Estimated	
Years Ended March 31	1964	1965	1966	1967	1968	1969	1970
Sales	$ 5.3	$ 5.8	$ 6.5	$ 7.6	$ 9.0	$10.3	$11.9
Operating Profits	2.0	2.4	2.7	3.1	3.7	4.3	5.0
Income from Investments	0.1	0.1	0.1	0.2	0.3	0.5	0.7
Net Earnings	0.9	1.1	1.3	1.5	1.9	2.2	2.7
No. of shares outstanding ('000)	5,565	5,565	5,565	5,565	5,565	5,579	5,579
Earnings/share	15.8¢	19.8¢	23.6¢	27.2¢	34.4¢	40¢	48¢
Operating Profit Margin	38.3%	41.1%	41.3%	40.8%	41.4%	42.0%	42.0%
Apparent Tax Rate	52.0%	51.2%	51.4%	51.4%	51%	52%	52%
Percentage increases in:							
Sales	17.8%	9.4%	12.1%	16.9%	18.4%	14.4%	15.5%
Earnings per share	23.4%	25.3%	19.2%	15.3%	26.5%	16.3%	20.0%

Finances On March 31, 1968, the Company had a working capital of $5 million and a working capital ratio of 4:1. The greatest part of its current assets consisted of an investment portfolio of $6.2 million, which has been held to offset the expenses of starting up a television station, if a television license in Toronto is obtained.

Dividends In April, 1968, the Company raised its quarterly dividend from 2¢ to 2 1/2¢ per share. In addition, the Company declared a year end extra dividend of 10¢ per share, which raised the total dividends paid in the fiscal year ending March 31st, 1969, to 20¢ per share or 50% of estimated earnings. In March, 1969, the Company announced a further increase in its dividend to 5¢ quarterly as of April, 1969, which raises the annual dividend to 20¢ per share plus any possible year end extras.

Outlook Over the past four years the Company has achieved an average rate of earnings growth of about 21% per annum. In the future, sales should continue to increase strongly provided that the Company's existing services retain their popularity and are thus able to continue to increase their advertising rates. This appears feasible and additional sales should also stem from further expansion of the Company's existing services. With the increasing profit margins and a steadily growing income from investments, earnings should continue to grow at about 15%-20% per annum over the next two to three years.

Market Action and Evaluation Standard Broadcasting Corporation's stock has been in a steady uptrend since 1960 and reached an all time high of $14 1/4 in July, 1968, adjusted for the recent 5 for 1 split. Since then the stock has been consolidating in the $11 to $13 range and is currently selling at $12 1/4, or 30.6X estimated earnings for the current year ending March 31st, 1969, and at 25.5X projected 1970 earnings. It is currently yielding 1.6%.

Comment In our opinion, Standard Broadcasting represents a high quality investment in the Canadian broadcasting industry. Sales and earnings growth have been strong, and with continued steady increases in advertising rates plus the expansion of existing services, we would expect growth to continue at a rapid rate. At its current price of $12 1/4 or 25.5X estimated earnings for the current fiscal year, we feel the stock is reasonably priced although a general market weakness could result in a small downward revision of the multiple. We recommend Standard Broadcasting be bought at the $11-$12 range for above average growth over the medium term.

STANDARD BROADCASTING CORPORATION LIMITED

CFRB LIMITED — Toronto
CFRB — AM
CKFM — FM
CFRX — SHORTWAVE

CJAD LIMITED — Montreal
CJAD — AM
CJFM — FM

STANDARD BROADCAST SALES COMPANY LIMITED
Toronto — Montreal

CANADIAN STANDARD BROADCAST SALES INC.
New York

STANDARD BROADCAST PRODUCTIONS LIMITED
Toronto

STANDARD SOUND SYSTEMS COMPANY LIMITED
Toronto — Montreal

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STANDARD BROADCASTING CORPORATION LIMITED

INTERIM REPORT

For the six months ended
September 30, 1969

STANDARD BROADCASTING CORPORATION LIMITED

INTERIM REPORT

(Subject to audit)

CONSOLIDATED STATEMENT OF EARNINGS

	For the Six Months Ended September 30	
	1969	**1968**
Gross Revenue	**$6,232,881**	$5,232,970
Operating Costs and Expenses	**3,444,020**	2,876,937
Depreciation and Amortization	**241,511**	142,585
Operating Profit	**2,547,350**	2,213,448
Income from Investments	**210,989**	203,524
Earnings before Taxes	**2,758,339**	2,416,972
Provision for Income Taxes	**1,473,170**	1,330,710
Net regular Earnings	**1,285,169**	1,086,262
Non-recurring gain on investment	—	78,748
NET EARNINGS FOR THE PERIOD	**$1,285,169**	$1,165,010
Number of shares outstanding	**5,595,200**	5,577,700
Net Earnings per share		
Regular	**23.0¢**	19.5¢
Non-recurring		1.4¢
Total	**23.0¢**	20.9¢

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	For the Six Months Ended September 30	
	1969	**1968**
Source of Funds		
Net earnings for the Period	**$1,285,169**	$1,165,010
Charges not requiring cash outlay—		
Depreciation and amortization	**241,511**	142,585
Deferred Income Taxes	**(43,800)**	—
Funds generated by operations	**1,482,880**	1,307,595
Proceeds from issue of shares under option	**38,838**	62,439
	1,521,718	1,370,034
Use of Funds		
Additions to Fixed Assets	**273,032**	718,529
Cost of franchises purchased	—	542,250
Dividends paid	**559,295**	278,680
	832,327	1,539,459
Increase (Decrease) in Working Capital	**689,391**	(169,425)
Working Capital — April 1	**6,692,943**	5,996,594
Working Capital — September 30	**$7,382,334**	$5,827,169

To the shareholders

Consolidated net earnings after taxes of Standard Broadcasting Corporation Limited and its subsidiaries for the six months ended September 30, 1969, amounted to $1,285,169, compared to $1,165,010 for the corresponding period of the previous year. However, the previous year's figures included $78,748, a non-recurring gain. This year's figures include for the first time the profits of the Muzak operations acquired last September.

Consolidated gross revenue was $6,232,881 compared with $5,232,970 for the first six months of 1968/69.

The consolidated working capital of $7,382,334 at September 30, 1969, remains largely invested in short term Government securities and deposits with banks and trust companies.

Your Company has recently been advised by the Canadian Radio-Television Commission that its study of the future of television in Southern Ontario is almost complete. We hope that the Commission will hold Public Hearings in 1970, at which CFRB will have an opportunity of submitting its Toronto television application.

Orders on hand at the commencement of the third quarter of the financial year ending March 31, 1970, are encouraging and the outlook for the balance of the financial year remains favourable.

JOHN A. McDOUGALD
CHAIRMAN OF THE BOARD

W. C. THORNTON CRAN
PRESIDENT

Toronto, Ontario.
October 30, 1969.

STANDARD BROADCASTIN

INTERIM REPORT
(Subject to audit)

CONSOLIDATED STATEMENT OF EARNINGS

Gross Revenue ....
Operating Costs and Expenses ....
Depreciation and Amortization ....
Operating Profit ....
Income from Investments ....
Earnings before Taxes ....
Provision for Income Taxes ....
Net regular Earnings ....
Non-recurring gain on investment ....
NET EARNINGS FOR THE PERIOD ....
Number of shares outstanding ....
Net Earnings per share
Regular ....
Non-recurring ....
Total ....

CONSOLIDATED STATEMENT OF SOURCE AN

Source of Funds
Net earnings for the Period ....
Charges not requiring cash outlay—
Depreciation and amortization ....
Deferred Income Taxes ....
Funds generated by operations ....
Proceeds from issue of shares under option ...

Use of Funds
Additions to Fixed Assets ....
Cost of franchises purchased ....
Dividends paid ....

Increase (Decrease) in Working Capital ....
Working Capital — April 1 ....
Working Capital — September 30 ....

COMPARATIVE HIGHLIGHTS

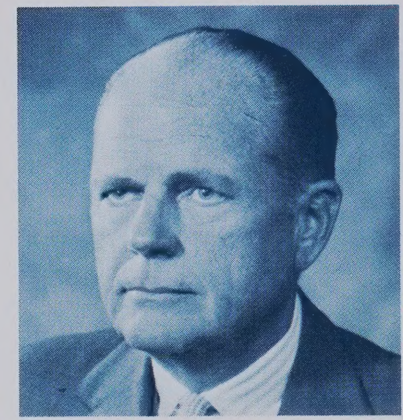
	1969	1968
Gross revenue	**$10,660,936**	$8,984,543
Depreciation and amortization	**314,833**	262,080
Operating profit	**4,226,978**	3,454,046
Income from investments	**369,515**	300,636
Income taxes	**2,512,550**	1,950,779
Net earnings	**2,247,234**	1,918,996
Number of shares outstanding	**5,588,700**	5,567,250
Number of shareholders	**2,356**	1,133
Earnings per share	**.402**	.345
Dividends per share	**.125**	.185
Working Capital	**$6,692,943**	$5,996,594

NINE-YEAR COMPARATIVE STATEMENT OF EARNINGS

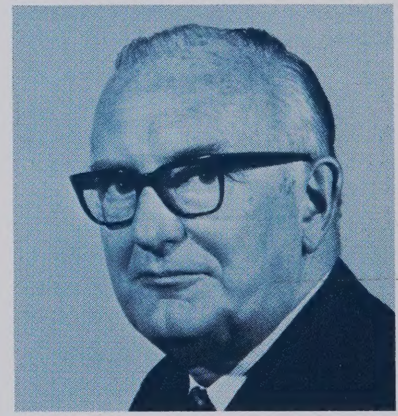
(000 omitted)

	1969	**1968**	**1967**	**1966**	**1965**	**1964**	**1963**	**1962**	**1961**
Gross revenue	10,661	8,984	7,615	6,523	5,769	5,338	4,460	3,802	2,380
Operating costs and expenses	6,119	5,268	4,504	3,825	3,397	3,297	2,918	2,572	1,586
Depreciation and amortization	315	262	260	261	263	347	173	169	58
Operating profit	4,227	3,454	2,851	2,437	2,109	1,694	1,369	1,061	736
Income from investments	370	301	196	127	82	70	64	36	65
	4,597	3,755	3,047	2,564	2,191	1,764	1,433	1,097	801
Provision for income taxes	2,513	1,951	1,564	1,341	1,122	917	744	578	429
Earnings before extraordinary items	2,084	1,804	1,483	1,223	1,069	847	689	519	372
Extraordinary items — net of tax	163	115		46					(60)
Net earnings for the year	2,247	1,919	1,483	1,269	1,069	847	689	519	312
Per share (adjusted for stock splits in 1962 and 1968 and based on outstanding shares at each year end).	$.402	.345	.272	.235	.199	.158	.128	.097	.058

REPORT TO THE SHAREHOLDERS



JOHN A. McDOUGALD
Chairman of the Board



W. C. THORNTON CRAN
President

Your Directors have pleasure in presenting the 44th Annual Report of the Company covering the 12 months ended March 31, 1969.

Once again our total sales and profits increased to the highest recorded in the history of the Company. Consolidated earnings, after all taxes, were $2,247,234, equal to 40.2c per share compared with $1,918,996, for the preceding year, equal to 34.5c per share outstanding.

Included in this year's profits are a non-recurring profit on the sale of an investment—$118,748—and a non-recurring profit on the sale of the Toronto Background Music business of $44,543.

During the year the Company changed its name to Standard Broadcasting Corporation Limited and split its stock five for one, as was approved by last year's meeting of shareholders.

During April, 1969, the annual rate of dividend was increased from 10c to 20c per share, which was the ninth consecutive annual increase.

It is with deep sorrow that we record the death on October 31, 1968, of Mr. J. Harry Ratcliffe who had been a Director since 1950. The Company will miss his friendly advice and valuable counsel.

During the year Mr. T. N. Beaupre of Montreal and Mr. G. Allan Burton of Toronto were elected to the Board.

The Company will, in future, be issuing quarterly financial reports to shareholders and present indications are that the first quarter results will be ahead of last year.

RADIO BROADCASTING

CFRB TORONTO continues as the leading radio station in Canada as well as in the large Toronto market, both in audience and advertising volume. Recent surveys confirm that 60% of the adult audience listen to CFRB each week.

CKFM TORONTO, which has now completed seven years of operation as an entirely separate station with its own program direction continues to increase its audience and revenue and its importance in the Toronto market has been recognized.

CJAD MONTREAL, despite the economic problems of that city, has significantly increased its revenues and audience in the year following Expo '67.

CJFM MONTREAL continues to be the smallest broadcasting unit of your Company, and is showing healthy progress, again increasing its revenue in the past year over the preceding year.

As of March 31, 1969, the business booked ahead on your Company's four radio stations was the highest recorded to date.

STANDARD BROADCAST SALES COMPANY LIMITED

During the past year SBS again increased its revenue and profits to an all time high for its eighth year of operation. Canadian Standard Broadcast Sales Inc., in New York, showed a slight increase in revenue whilst performing its useful function in the representation of Canadian broadcasting stations in the United States.

STANDARD BROADCAST PRODUCTIONS LIMITED

In this its third year of operation it has made satisfactory increases in revenue. The Canadian news service and syndicated programs which this Company provides to other broadcasting stations demonstrates the leadership in the Canadian broadcasting field given by your Companies. In addition, under the management of this Company, the Canadian Talent Library, operated as a non-profit trust on behalf of 150 Canadian stations, has released over 1,400 selections by Canadian artists.

STANDARD SOUNDS SYSTEMS COMPANY LIMITED

This Company now operates two distinct divisions —the Muzak operation in Montreal, Quebec City and the Maritimes, and the Sound Contracting business in Ontario. During the past few months the Muzak operations have been going through a period of consolidation and as a result only made a small profit in the year under review, but should significantly increase in the future. The Ontario sound contracting business while experiencing considerable growth in gross revenue during the past year, incurred losses. The orders-on-hand for schools, hospitals, etc., are satisfactory and we are budgeting for a profit in the current year. Recently this Company has been appointed Ontario distributors for the Philips closed circuit television cameras and equipment.

OUTLOOK

During the past year the Canadian Radio-Television Commission has been getting established in its role as an effective national board to control all aspects of broadcasting.

Whilst the Government has expressed its intention to closely limit non-Canadian ownership of broadcasting, the wording of its announcements has caused some confusion to Canadian public companies. Our Company and the other Canadian public companies in broadcasting have been assured that this will be cleared up to their satisfaction.

CFRB continues to stand prepared to secure a television license in the Toronto area and is up-dating its plans in order to make any application which can be heard when the Canadian Radio-Television Commission has completed its study of television allocations in Ontario.

Assuming the continuance of the present economic and market conditions, we are looking forward to a further satisfactory year from the operations of our existing broadcasting stations and Company divisions.

In conclusion, we would like to record our sincere thanks and appreciation for all members of the Standard organization who, individually and collectively, have made this such a successful year.

JOHN A. McDOUGALD
Chairman of the Board

W. C. THORNTON CRAN
President

May 30, 1969

STANDARD BROADCASTING CORPORATION LIMITED

(Formerly Standard Radio Limited)

AND SUBSIDIARY COMPANIES

ASSETS

	1969	1968
CURRENT		
Cash	$ 89,133	$ 95,881
Marketable and short-term investments—at cost, which approximates market value	6,065,003	6,166,798
Accounts receivable	1,760,957	1,465,075
Inventories—at the lower of cost or net realizable value	200,750	92,837
Prepaid expenses	148,626	137,110
	8,264,469	7,957,701
FIXED—at cost		
Buildings and equipment	3,432,854	2,768,482
Accumulated depreciation	2,086,604	1,957,098
	1,346,250	811,384
Leasehold improvements, less amortization	342,020	388,315
Land	256,110	256,110
	1,944,380	1,455,809
INTANGIBLE		
Franchises—at cost, less amounts written off	492,895	—
	$10,701,744	$9,413,510

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Standard Broadcasting Corporation Limited and subsidiary companies as at March 31, 1969, and the consolidated statements of earnings, reinvested earnings, and source and use of funds, for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 1969

LIABILITIES

	1969	1968
CURRENT		
Accounts payable and accrued liabilities	**$ 343,458**	$ 361,286
Income taxes	**948,633**	903,915
Dividends payable	**279,435**	695,906
	1,571,526	1,961,107
SHAREHOLDERS' EQUITY		
Capital stock (notes 2 and 6)		
Authorized—		
10,000,000 common shares without nominal or par value		
Issued and fully paid— 5,588,700 shares	**986,550**	858,386
Reinvested earnings	**8,143,668**	6,594,017
	9,130,218	7,452,403
	$10,701,744	$9,413,510

Signed on behalf of the Board:

JOHN A. McDOUGALD
W. C. THORNTON CRAN
Directors

In our opinion, these financial statements present fairly the consolidated financial position of the companies as at March 31, 1969, and the consolidated results of their operations and source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 21, 1969

McDonald, Currie & Co.
Chartered Accountants.

CONSOLIDATED STATEMENT OF EARNINGS

	FOR THE YEAR ENDED MARCH 31	
	1969	**1968**
Gross revenue	**$10,660,936**	$8,984,543
Operating costs and other expenses (Note 3)	**6,119,125**	5,268,417
Depreciation and amortization	**314,833**	262,080
Operating profit	**4,226,978**	3,454,046
Income from investments	**369,515**	300,636
	4,596,493	3,754,682
Provision for income taxes	**2,512,550**	1,950,779
Earnings before extraordinary items	**2,083,943**	1,803,903
Extraordinary items		
Profit on sale of investments	**118,748**	
Profit on sale of fixed assets	**44,543**	176,093
Past service pension cost	**—**	(61,000)
Net earnings for the year	**$ 2,247,234**	$1,918,996
Net earnings per share (based on total shares outstanding at year end)	**.402**	.345

CONSOLIDATED STATEMENT OF REINVESTED EARNINGS

	FOR THE YEAR ENDED MARCH 31	
	1969	**1968**
Balance-beginning of year	**$ 6,594,017**	$5,702,963
Net earnings for the year	**2,247,234**	1,918,996
	8,841,251	7,621,959
Regular dividends	**697,583**	471,217
Special dividend—50c per share, April 1968	**—**	556,725
	697,583	1,027,942
Balance—end of year	**$ 8,143,668**	$6,594,017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **PRINCIPLES OF CONSOLIDATION**—The consolidated financial statements include the accounts of the company's subsidiaries. The accounts of the American subsidiary have been converted at the approximate rate of exchange prevailing at the year end.

2. **CAPITAL STOCK**—In accordance with supplementary letters patent dated July 5, 1968, the company subdivided its common stock five shares for one.

3. **REMUNERATION OF DIRECTORS AND SENIOR OFFICERS**—Remuneration and fees paid to the company's directors including directors holding salaried employment with the company totalled $118,210 (1968—$118,375). Remuneration of senior officers who were not directors amounted to $177,181 (1968—$167,872).

4. **CONTINGENT LIABILITY**—In respect of an application for a television license made by CFRB Limited in 1967, there is a contingent liability (maximum $518,000 U.S.) for such costs as may be incurred if WOKR—Rochester is required to vacate Channel 13 for use in Toronto.

5. **LONG TERM LEASES**—At March 31, 1969, the company was obligated under long-term leases to pay minimum annual rental of approximately $130,000. The company has no obligation under these leases beyond the year 1990.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	FOR THE YEAR ENDED MARCH 31	
	1969	**1968**
Source of Funds		
Net earnings for the year	**$2,247,234**	$1,918,996
Add: Charges not requiring cash outlay—		
Depreciation and amortization	**314,833**	262,080
	2,562,067	2,181,076
Deduct: Profit on sale of fixed assets	**44,543**	176,093
	2,517,524	2,004,983
Proceeds on sales of fixed assets	**154,258**	197,354
Proceeds from issue of shares under option	**128,164**	356,597
	$2,799,946	$2,558,934
Use of Funds		
Purchase of franchises	**542,250**	—
Additions to fixed assets	**863,764**	313,972
Dividends paid	**697,583**	1,027,942
	2,103,597	1,341,914
Increase in working capital	**696,349**	1,217,020
Working capital—beginning of year	**5,996,594**	4,779,574
Working capital—end of year	**$6,692,943**	$5,996,594

6. STOCK OPTIONS—The Company has granted stock options at the market prices then prevailing to certain officers and key employees.
During the year 21,450 shares were issued for $128,164 cash upon exercise of stock options.
The following stock options are outstanding at March 31, 1969:

Expiry Date	Officers	Key Employees	Option Price
May 1972	5,000	31,300	$ 5.975
Nov. 1973	—	2,000	$12.625
Mar. 1974	12,500	17,500	$12.000
Totals	17,500	50,800	

Options expiring in 1973 and 1974 are exercisable on a cumulative basis to the extent of 20% per annum. There are 168,000 shares reserved for future options.

Introducing...
JUDY GINN
LLOYD BURRY
at the organ
Fanny Hill
Fly Me To The Moon
Watermelon Man
Downtown
Satin Doll
THE AL BACULIS SINGERS
JIM McHARG'S
METRO
Lloyd
Burry
THE SENSITIVE
GUITAR OF
DICK McCLISH
RCA VICTOR
Canadian Talent
Library Series
SONGS
OTTAWA
ROUGH RIDERS
And
I Love
Her
Eddie
Graf
RAY

BUILDING APPRECIATION FOR CANADIAN TALENT

It is refreshing to review the progress made by the CANADIAN TALENT LIBRARY and the extent of recognition it has brought Canadian musicians.

In 1962, CFRB and CJAD initiated the CANADIAN TALENT LIBRARY because they were concerned about the formidable avalanche of imported recorded material coming from the United States, and the lack of Canadian recordings for radio broadcasting. CTL was launched that year as a non-profit trust. Its purpose was to record the work of Canadian musicians and composers and make it available to other Canadian broadcasters.

Today, CANADIAN TALENT LIBRARY music is heard by millions of Canadians across the country. CTL music is broadcast on 150 private radio stations from Victoria to St. John's. 112 albums have been produced including some 1,400 selections.

Such has been the popularity of CANADIAN TALENT LIBRARY music that it was decided to release the 29 latest albums for sale to the public as well. This has been done under the RCA Victor, London, and Camden labels and is meeting good response.

The CTL is also responsible for Canadian performers becoming better known abroad. The BBC is now in its second year of programming CTL music throughout the U.K.

The Standard Broadcasting Corporation stations — CFRB, CKFM, CJAD, and CJFM — are proud of their participation in the CTL and their association with a number of other leading Canadian broadcasters in this worthwhile endeavour.

First pressing of latest CTL Peter Appleyard album was presented to Prime Minister Trudeau, March 5, 1969.

(a)

(b)

(e)

(a) Toronto managers honoured Jack Dennett on his 25th anniversary with CFRB. Jack (centre) is flanked by Gordon Sinclair on his right and W. C. Thornton Cran on his left.

(b) CJAD welcomes new residents to Montreal with conducted tour of the city and information kits.

(c) CJAD's Sidney Margles interviews Moshe Dayan, Israeli Defense Minister, in Tel Aviv.

(d) During her Toronto appearance, singing star Sarah Vaughan was interviewed on CFRB's "Betty Kennedy Show".

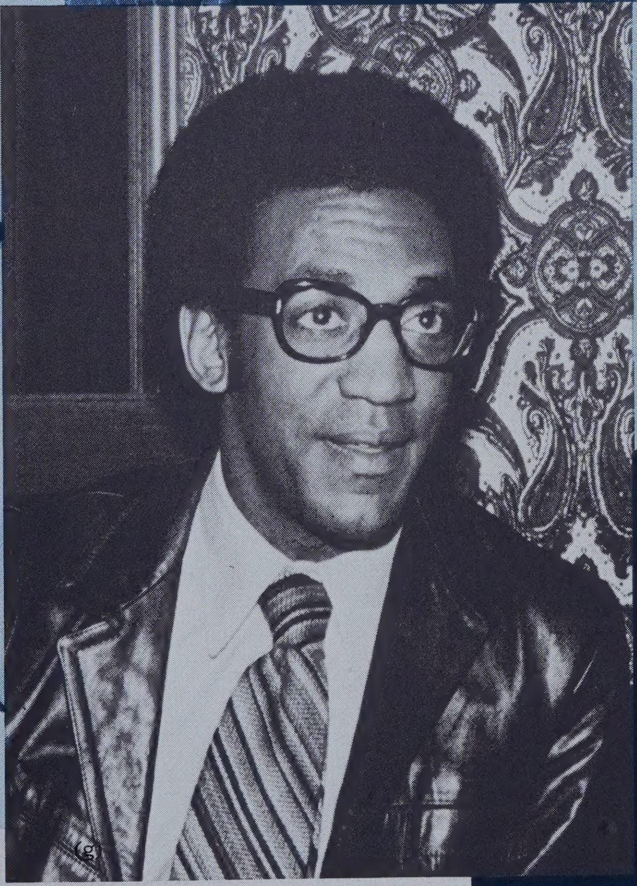
Among other celebrities visiting Toronto and CFRB were (e) actor Don Ameche; (f) world-famous model Jean Shrimpton, here with Betty Kennedy at the right; (g) TV star Bill Cosby; (h) television star Horace McMahon; and (k) cartoonist Al Capp, creator of "L'il Abner". (l) Leonard Nimoy of TV's "Star Trek".

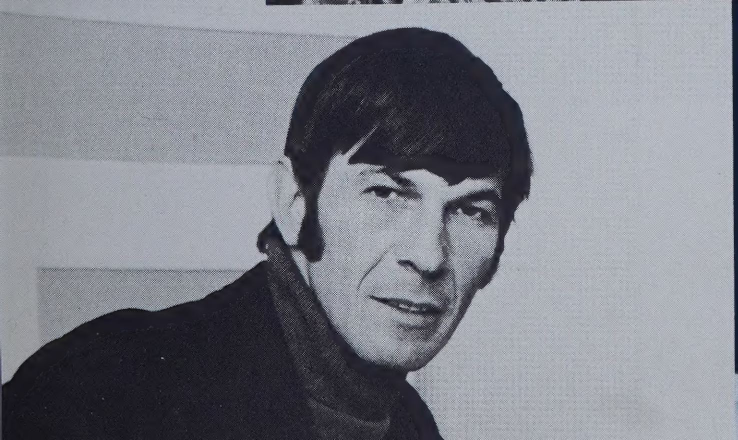
(i) Dr. Donald Wilson, Surgeon-in-Chief, Toronto Western Hospital, was one of the celebrated guests on CFRB's "Let's Discuss It" Show. Here (right) he discusses heart transplant operations with News Director Arthur Cole.


(c)


(d)


(f)


(g)



SIGNIFICANT PUBLIC SERVICE CONTRIBUTION MADE BY CJAD TO THE MONTREAL COMMUNITY

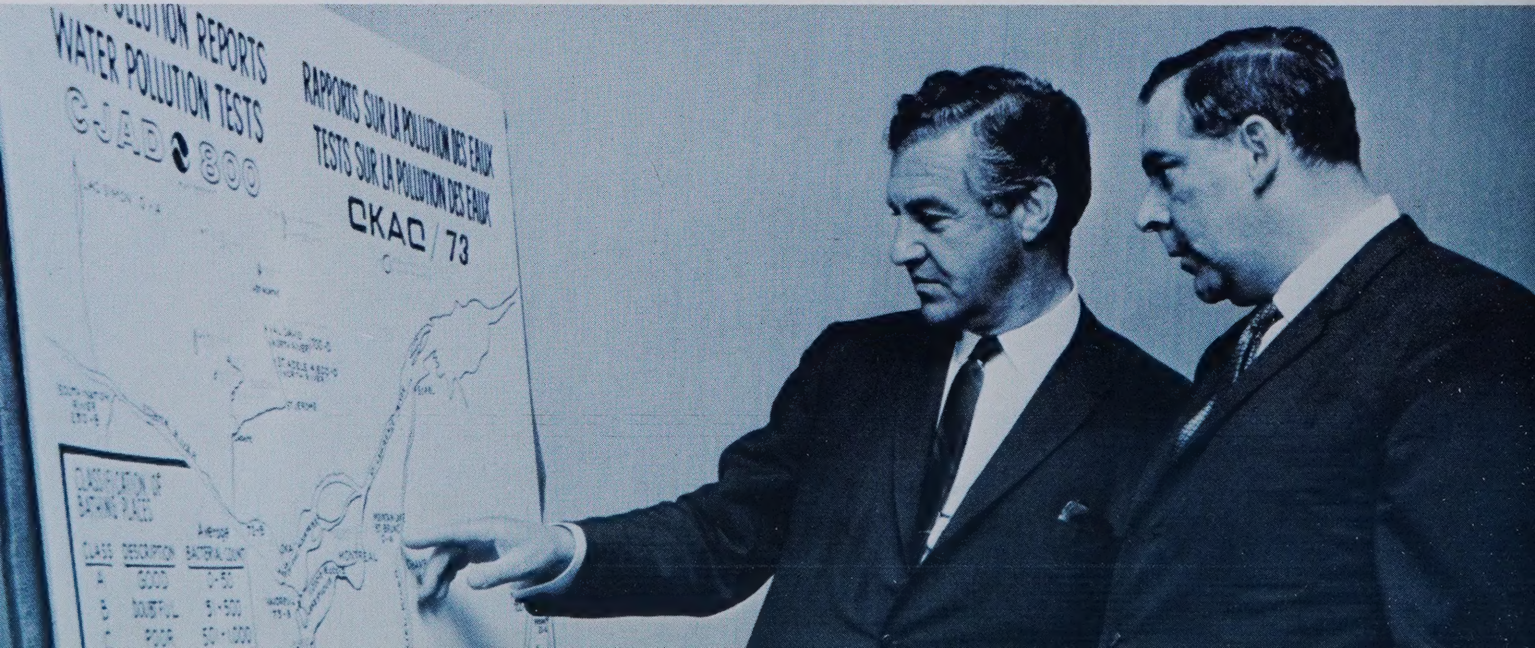
Polluted water conditions in Quebec are a serious problem for communities in that province, and are becoming alarmingly worse. This is particularly true within a 100-mile radius of Montreal.

As part of its continuing service to the public, CJAD in close collaboration with the French radio station CKAC (also in Montreal) campaigned on air to make listeners aware of the problem. Response by English-speaking and French-speaking listeners alike was so encouraging that CJAD and CKAC spearheaded the formation of Expollution Incorporated. Supported by newspapers, service clubs, chemists, government officials, and pollution experts, this non-profit organization is now a major force in dispelling public ignorance and indifference to polluted waters in Quebec.

Expollution Incorporated has as its goal the testing of all waters within a hundred miles of Montreal this summer. A brief will then be submitted to the provincial government pressing for action to save the waters of Quebec.

The collaborative efforts of CJAD and CKAC have attracted widespread attention and even merited commendation from Minister of Health and Welfare John Munro. Further evidence of their significance may be seen in the recognition by the Canadian Association of Broadcasters who this year designated CJAD and CKAC as the "Stations of the Year" for service in their community.

(Below)—CJAD President, H. T. McCurdy, (left), discusses water pollution with Jacques-M. Goulet, CKAC President, prior to press conference launching the stations' joint campaign to save waters of Quebec.



CFRB · CJAD · CKFM · CJFM · SBS · CSBS · SSS · SBP